July 30, 2026

To Whom It May Concern

Company Name: Foster Electric Company, Limited
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Regarding the Start of Formulation of the "New Medium-Term Business Plan"

Based on our collaboration with Axium Capital Pte. Ltd. (hereinafter "Axium"), a major shareholder of the Company (voting rights share: approximately 25%), we have begun formulating the "New Medium-Term Business Plan," which aims to further enhance corporate value and shareholder value and will replace the "FY2025–2027 Medium-Term Business Plan" announced in November 2024. We hereby announce that the plan is scheduled to be announced around November of this year, as detailed below. Under the Board of Directors, we will formulate it with emphasis on the interests of all shareholders.

Details

1. Background and Objectives for the Formulation of the "New Medium-Term Business Plan"

Through ongoing shareholder engagement activities with Axium, our major shareholder, our Group has engaged in repeated constructive dialogue and exchanges of views aimed at enhancing corporate and shareholder value over the medium to long term. During these discussions, we shared the management challenges identified by Axium—namely, "improving profitability," "enhancing capital efficiency," and "moving away from a net cash position"—and reached a shared understanding regarding the need to accelerate further growth in corporate value. Against this backdrop, following approval at the 92nd Annual General Meeting of Shareholders held on June 25, 2026, we appointed Mr. Yasuto Monden, CEO and CIO of Axium, as an outside director. With Mr. Monden's appointment to the board of directors, we have decided to actively incorporate Axium's advanced expertise and capital market perspective into our management. We aim to create corporate and shareholder value that significantly exceeds the targets set out in our current "2025–2027 Medium-Term Business Plan," announced in November 2024, and are proceeding with the formulation of a new business plan (project name: "North Star") .

In the "New Medium-Term Business Plan", we envision fundamental reforms in both business and financial aspects. On the business side, based on the steady execution of the current plan, we will accelerate growth and review measures to improve profitability based on thorough analysis of the current situation. On the financial side, we will improve capital efficiency through careful examination of investment activities aimed at realizing our growth strategy and further enhancement of current shareholder return measures. In addition, from the perspective of the cost of capital as a listed company and appropriate market valuation, we will establish a framework for continuously examining various strategic options.

2. Details of the Collaboration with Axium

Axium is an investment management firm for activist funds based in Singapore. It possesses management experience in private equity, investment banking, consulting firms, and listed companies, and employs professionals well-versed in investment and asset management, M&A, corporate governance, management strategy, and business restructuring. In formulating the "New Medium-Term Business Plan", we plan to receive support from Axium on the following matters.

1. Expertise in strategy formulation and business plan development, including a re-examination of the current business plan
2. Optimization of capital policy from a shareholder's perspective
3. Deep expertise in capital markets and corporate finance
4. Expertise and networks in executing M&A transactions

3. Future Schedule

We launched a project team on July 1st, 2026, and are proceeding with the formulation of specific numerical targets and strategies that incorporate the perspectives of outside directors. We plan to announce the "New Medium-Term Business Plan" around November 2026.

4. Future Outlook

We are currently analyzing the impact that the "New Medium-Term Business Plan—which we have begun formulating in collaboration with Axium—will have on our financial results for the fiscal year ending March 2027. Going forward, should any matters requiring disclosure arise based on the facts, we will promptly announce them.

For further details, please refer to the explanatory material below.

End

In addition, a introductory video regarding this matter is available on our corporate website.
https://www.foster.co.jp/investors/library/video/Project_North_Star_TeaserMovie.mp4

FOSTER

Regarding the Start of Formulation of the "New Medium-Term Business Plan" with Axium Capital

July 30, 2026

Background and Objectives

Foster Electric and Axium Capital (hereinafter "Axium"), a major shareholder holding 25% of the voting rights, have joined forces to begin formulating the "New Medium-Term Business Plan" aimed at further enhancing corporate value and shareholder value. Under the Board of Directors, we will formulate it with emphasis on the interests of all shareholders

- **Following approval at the 95th Annual General Meeting of Shareholders, Yasuto Monden, CEO & CIO of Axium Capital, a major shareholder, was appointed as an outside director. Other members of Axium have also been granted observer status on the Board of Directors and access to management information**
- **Through engagement activities, we have built a cooperative relationship with Axium aimed at enhancing corporate value over the medium to long term. Through constructive dialogue and the exchange of opinions (engagement activities), Axium's stance on initiatives to enhance corporate value aligns with that of Foster**
- **By incorporating expertise that Foster lacks into management, we can formulate business plans from a perspective that is more attuned to shareholders and the stock market. Building on the goals set forth in our existing Medium-Term Business Plan, we have begun drafting the "New Medium-Term Business Plan" aimed at further enhancing corporate value and shareholder value with a sense of urgency**

About **Axium Capital**

- An investment management firm based in Singapore that manages an activist fund investing in publicly traded stocks
- It boasts a diverse team of professionals with backgrounds in private equity, investment banking, and strategy consulting firms, as well as top management experience at listed companies, who are well-versed in investment and asset management, M&A, corporate governance, management strategy, and business restructuring
- The firm has extensive investment and management support experience in the automotive and electronic components sectors

Opportunities and Challenges for Foster

Backed by our competitive advantages—including advanced audio technology, robust production capabilities, and a strong customer base—we hold the top market share in the rapidly growing automotive speaker market. However, while we aim to further accelerate our growth, there is room for improvement in profitability and capital efficiency

Opportunities and Strengths for Foster

Global Production System & Advanced Production Technology	Product Development Capabilities Based on Advanced Audio Technology	A robust customer base centered on global OEMs & Tier 1 suppliers

Attractive Automotive Speaker Market

~10%[1]

(Unit-based; average annual growth rate for 2020–2025)

No. 1 Market Share

25~30%[1]

(Volume-based)

Issues identified by Axium

Room for Profitability Improvement

Operating Profit Margin 5.7%

(FY 2025)

Capital Efficiency Remains Low

ROE 7.7%

(FY 2025)

Moving Away from Net Cash Position

Net Cash ¥11.7billion

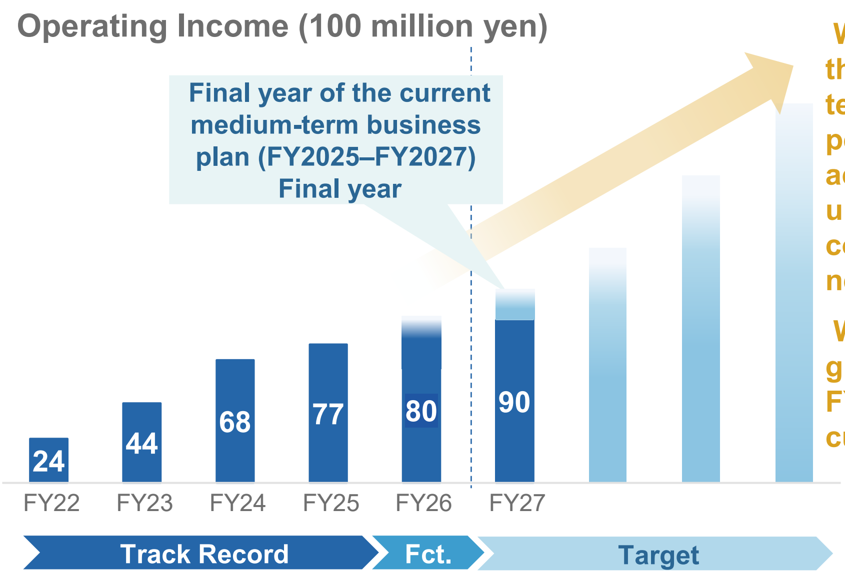
(FY 2025)

1. Our estimates

Formulation of the "New Medium-Term Business Plan"

We are embarking on operational and financial reforms to maximize our corporate value and shareholder value

Further Strengthening of Business Operations

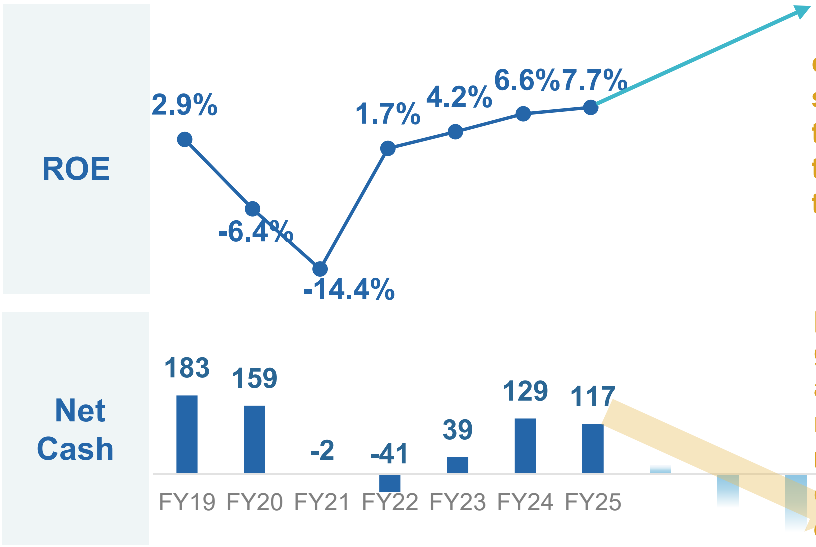


Without waiting for the current medium-term business plan period to end, we will act with a sense of urgency to steer the company toward the next phase of growth

We will aim for even greater heights in FY2027 under the current plan

- Based on a thorough analysis of the current situation, we review measures to further improve growth and profitability, aiming for profit growth that exceeds the existing Medium-Term Business Plan

Management Initiatives Focused on Cost of Capital and Share Price



We aim to achieve a capital efficiency that significantly exceeds the 8% target set in the current medium-term business plan

Through a dual-pronged approach of growth investments and shareholder returns, we aim to move away from net cash in order to enhance corporate value

- In addition to growth investments, we will also consider further enhancement of shareholder return levels, including the current dividend payout ratio of 50% and DOE of 4%
- In parallel, we will establish a framework for continuously examining strategic options

Axium's Value Proposition

Expertise in strategy and business plan formulation	Deep expertise in the stock market and corporate finance
Extensive experience in executing M&A transactions and a broad network	Fundamental optimization of capital policy based on the shareholder's perspective

Signs of Internal Change Brought by Axium in Just One Month

Through our collaboration with Axium, changes are beginning to emerge at a faster pace than initially anticipated

An opportunity that prompts all executive members to reflect on their own company

Leaders, including board members (24 in total)**, engaged in repeated discussions** with Axium professionals **regarding challenges and strategies within their respective areas of responsibility. This provided a valuable opportunity to re-examine their roles and the company as a whole**

Industry leader's perspective × Objective perspective

Axium has provided **objective benchmarking—**which had previously been insufficient within our company—as well as **detailed analyses based on internal management data from new perspectives**, **helping to clarify our company's challenges and strengths**

- **We are gaining a clearer picture of areas where we hold the No. 1 global market share, under-resourced areas we had not fully recognized, and the existence of target markets and customer segments, and our understanding of the direction we should take is becoming more precise**
- A mindset is beginning to take root that focuses on developing concrete, fact-based, effective strategies—moving beyond intuitive hypotheses of "this is what we should do."

Following precedent without reasons and setting schedules with excessive buffer time are no longer acceptable

As for initiatives in each department, repeated questions of "Why?" have brought to **light unfounded practices such as "just because that's how it's always been done."**

In terms of a major project, we received feedback questioning whether "that much time is really necessary," prompting us to begin reviewing our buffer estimates

While maintaining a culture that fully leverages the ideas and insights of all our employees, we have significantly improved the quality of our strategies and the speed of our initiatives

Upcoming Schedule

The “New Medium-Term Business Plan” will be announced in November 2026